



CALIFORNIA STATE BOARD OF EDUCATION

SEPTEMBER 2004 AGENDA

☒ General Waiver

SUBJECT

Request by **San Ysidro School District** to waive *Education Code* (EC) Section 15102, to allow the district to exceed its bonding limit of 1.25 percent of the taxable assessed value of property. (Requesting 2.15 percent)

Waiver Number: 19-7-2004

☒ **Action**

☐ **Consent**

RECOMMENDATION

☐ Approval ☒ Approval with conditions ☐ Denial

On the condition that the bonded indebtedness of San Ysidro School District not exceed 2.15% of the assessed valuation of taxable property of the district and that the waiver is limited to the sale of the bonds approved by the voters in the March 1997 election. EC 33051(c) will apply.

SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION

The State Board of Education (SBE) has approved previous bond issuance limit waiver requests that have been limited to specific general obligation bond issues already approved by local voters. In 2001, the San Ysidro School District received approval by the SBE to increase the districts bonding limit from 1.25% to 1.56% of the assessed valuation of taxable property. Due to development and significant growth in assessed value, the district fell back to within the statutory limit in the following year.

SUMMARY OF KEY ISSUES

The San Ysidro School District is once more requesting a waiver of *Education Code* Section 15102 which limits the district to issuance of bonds totaling no more than 1.25% of the assessed valuation of taxable property of the district. The district is currently at 0.68% of its statutory debt limit. The effect of granting this waiver will allow the district to increase its bonded indebtedness to 2.15% (\$24 million above its debt limit) of the assessed valuation.

San Ysidro recently received approval to acquire a 20-acre site for a long-standing proposed middle school. Plans and specifications will to be approved within the fiscal year to allow construction and occupancy in the 2005-06 school year.

The district has an existing school facility capacity of 4,027 students; however, the district currently has an enrollment of 5,178. The district has been unable to add additional permanent school facilities to accommodate the rapidly expanding student population within the boundaries of the school district. As development throughout the district continues at a rapid rate, the district continues to find itself with a school facility shortage. Moreover, the proposed new development to begin in 2005 of an additional 3,455 residences will further exacerbate the overcrowding in the district. Due to the

escalating price of real estate property and increasing construction costs, it is critical that the district be able to secure funds for acquisition and construction of a new middle school. Approving the waiver will also allow the district to complete the projects at Sunset Elementary School, a 65-year-old facility, to include demolishing existing buildings that are no longer usable and completing necessary playground improvements. Funds, if available, will also be used to acquire a site for the next proposed elementary school.

Background: In March 1997, 85% of the voters approved a general obligation bond for \$250 million. The district has issued \$20.59 million. The district is requesting a waiver so that it may issue another \$40 million in general obligation bonds. Of the \$40 million, \$24 million is above the statutory debt limit. Based on the current assessed valuation for fiscal year 2004-05, the reduction in the principal amount of the bonds based on their maturity schedule and assuming a 15% assessed valuation growth within the school district (the average assessed valuation growth over the last seven years has been approximately 17%), the district anticipates to fall back within the statutory debt limit by fiscal year 2008-09. At no time would the district debt limit exceed 2.15% of the assessed property value.

On the basis of this analysis the department recommends approval of this waiver because it will take more than two years (projected to be FY 2008-09) to fall back below the statutory debt percentage, EC 33051(c) will apply to this waiver.

Authority for Waiver: *Education Code* (EC) Section 33050

Period of request: 9/10/2004 to 9/9/2006

Local board approval date(s): July 8, 2004

Public hearing held on date(s): July 8, 2004

Bargaining unit(s) consulted on date(s): June 24, 2004

Name of bargaining unit/representative(s) consulted: Ralph Sanchez, President, California School Employees Association; Judith Crespo-Moreno, President, San Ysidro Education Association

Position of bargaining unit(s) (choose only one):

☒ Neutral ☐ Support ☐ Oppose

Comments (if appropriate):

Public hearing advertised by (choose one or more):

☒ posting in a newspaper ☐ posting at each school ☐ other (specify)

Advisory committee(s) consulted: N/A

Objections raised (choose one): ☐ None ☐ Objections are as follows:

Date(s) consulted: N/A

FISCAL ANALYSIS (AS APPROPRIATE)

If the waiver is granted, the district will be able to issue the \$40 million in voter approved bonds for acquisition and construction of a new middle school and completion of repairs and improvements at Sunset Elementary School. If the waiver is approved it is expected to result in approximately \$7.8 million in construction cost savings.

BACKGROUND INFORMATION

Action Item: Some documentation is available for web viewing. Waiver forms and other hard copy documents are available for viewing at the Waiver Office or State Board Office.